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ABSTRACT

Written for boards of education, school administrators, and others who wish to explore the possibilities of merger within their own counties, this manual examines the pros and cons through the experiences of those who have implemented school district mergers in recent years in North Carolina. Guidelines are provided for implementing mergers legally, efficiently, and with as much public support as possible. The manual begins with historical background on North Carolina's special chartered school districts, created from 1870 to 1957 and intended to improve education with money from special supplemental taxes. The trend toward mergers of these districts is discussed, including social and economic factors that led to 27 mergers from 1960 to 1986. Specific questions relating to merger are then posed. They cover the impact of mergers on educational costs, long-range planning, taxing authority, and student achievement. The effects of growing percentages of minority and disadvantaged students, enrollment decline, and public sentiment are examined. A section on legal requirements spells out North Carolina procedures. A sequence of 7 steps is suggested for boards of education exploring the possibilities of merger, and 12 steps are outlined for boards electing to proceed with merger. (JHZ)

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A MANUAL FOR MERGER

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FOREWORD

It has been wisely stated that the only thing that remains constant is the inevitability of change. History certainly supports this claim. Early in this century, cities and towns asked for and received legislation to create special chartered school districts with the right to impose upon themselves a special school tax to provide better schools. Changing social and economic conditions and increased expectations of education have caused many to question the advantages of these special districts today.

Since 1960, the number of special chartered school districts in North Carolina has declined from seventy-four to forty. The issue of merger has received considerable attention in the remaining forty special chartered school districts and their twenty-eight host counties and much time and effort has been spent in pursuit of information regarding its advantages and disadvantages.

In June of 1986, the State Board of Education asked the staff to prepare a "how to" manual on merger. The purpose of this document was to assist boards of education in studying the implications of merger and to make wise decisions regarding this issue.

The board also requested that the department involve persons in this study who had had experience with this issue. Consequently, I appointed a committee to assist with this publication which included the following superintendents: Dr. Edwin L. West, Jr. of Pitt County, Dr. W. Ossie Fields of Wilson County, Dr. Robert E. Bridges of Wake County, Mr. Purnell Swett of Robeson County, Dr. Ben D. Quinn of Craven County, Dr. Joseph N. Fries of Cabarrus County, and Dr. Jack Britt of Cumberland County. The committee also included Dr. Darrell Spencer, director of the Division of School Planning and Dr. John Bridgman, educational consultant, also of the division, who coordinated the preparation of the manual.

I trust that this publication will be helpful to school administrators, boards of education, and citizens who are studying the implications of school district merger. The Department of Public Instruction staff is available to provide additional information or guidance upon request.

A. Craig Phillips, State Superintendent
Department of Public Instruction

INTRODUCTION

In May of 1986, the Public School Forum of North Carolina, responding to a request from the State Board of Education, made several recommendations to the board regarding its position on merger of special chartered school districts with their host county school systems. The Forum included in its recommendations that the State Board prepare a "how-to" document or a merger manual. The Forum suggested that such a publication would benefit local community leaders who are exploring the feasibility of merger or are in the process of implementing merger. Specifically the recommendations stated that the State Board of Education should prepare a document "to aid local community and school leaders who are attempting to explore the pros and cons of school system merger and/or who are attempting to move toward a school system merger." The recommendations further stated that the document "should draw on the resources of local leaders who have recently been involved in successful and unsuccessful merger efforts. Based on those experiences, the blueprint should recommend specific steps which have been used to aid merger efforts (i.e. composition of 'blue ribbon' panels, open hearings, anticipating problems/opposition, etc.); conversely, the blueprint should identify potential problem areas and give community leaders specific advice on 'what to avoid.'"

Consequently, the State Board of Education in its June, 1986, meeting directed the State Superintendent to develop a merger manual for use by local school systems in studying the feasibility of merger. The board also suggested that the department secure input as recommended by the Forum in preparing the manual.

As specified by the State Board of Education, the intent of the manual is to provide a resource to boards of education, school administrators and others who wish to explore the possibilities of merger within their own counties. The manual also attempts to provide background information including the history of the creation of special chartered school districts and the reasons for their dissolution in many counties during the past twenty-five years. The manual further attempts to provide a guide through which those considering merger can examine the pros and cons through the experiences of others who have implemented merger in recent years. Finally, the manual attempts to provide a guide or steps to take to implement merger legally, efficiently and with as much public support as possible.

HISTORICAL BACKGROUND

Around the turn of the century, many cities and towns in North Carolina had developed relatively large property tax bases as compared to the rural areas of the counties. People living in these municipalities wanted better educational opportunities for their children than were available in the rural areas. The availability of funds, due to the increased tax base in the urban areas and the possibility of a special supplemental tax, led to the creation of special chartered school districts through legislative action of the General Assembly.

Special chartered school districts in North Carolina date back to 1870 when the Greensboro district was chartered. (In all, some seventy-four cities and towns asked for and received charters allowing them to set up separate school administrative units during the next eighty-seven years.) Madison-Mayodan, chartered in 1957, was the last special school district to be established in North Carolina. Most boards of county commissioners were authorized by referendum or special legislation to levy a current expense supplementary tax for these newly formed school districts which was used to supplement staff salaries, employ additional staff members, and purchase additional instructional supplies, library books and other materials.

The following chart lists the special chartered school districts presently operating in North Carolina and indicates the date of their charter.

CHARTER DATES FOR THE
REMAINING SPECIAL SCHOOL DISTRICTS
AS OF 1986

Burlington	1921
Washington	1899
Asheville	1901
Kannapolis	1935
Hickory	1909
Newton-Conover	1935
Kings Mountain	1905
Shelby	1891
Whiteville	1945
Lexington	1935
Thomasville	1901
Durham	1887
Tarboro	1919
Franklinton	1905
Greensboro	1870
High Point	1897
Roanoke Rapids	1919
Weldon	1903
Hendersonville	1901
Mooresville	1905
Statesville	1891
Kinston	1899
Rocky Mount	1901
Chapel Hill/Carrboro	1909
Tryon	1903
Asheboro	1905
Fairmont	1939
Lumberton	1907
Red Springs	1913
Saint Pauls	1953
Eden	1929
Western Rockingham	1957
Reidsville	1887
Salisbury	1921
Clinton	1903
Albemarle	1899
Elkin	1947
Mount Airy	1895
Monroe	1897
Goldsboro	1881

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Historically, the additional funding through the special school district tax continued in the cities and, in many cases, resulted in an inequality in the educational offerings between the administrative units within the counties.

In more recent years, industrial and residential growth in the rural areas and shifting populations from the cities to the counties have narrowed the gap in the tax base between cities and counties. Many cities no longer have the larger portion of the wealth to support their schools, and parents in the growing rural areas want better educational programs for their children. Reflecting these changes, many boards of county commissioners have denied requests for the supplemental levies in an attempt to equalize educational offerings for all students in the county. For the school year 1985-86, only 29 of the 40 remaining special chartered school districts had supplemental levies for current expense.

Charlotte and Mecklenburg began a new trend with the merger of these two school administrative units in 1960. Since that time, many cities and counties have followed suit. The most recent merger occurred in July 1986 with the merger of the Greenville and Pitt County schools. Such mergers reduced the number of special chartered school districts in the state from seventy-four in 1957 to forty in 1986. Others are carefully weighing the possibilities of merger as a solution to many of their problems brought about through recent social and economic changes.

The following chart lists the mergers that have been implemented since 1960 and indicates the effective date of merger, the method by which the merger was executed--either by board plan or by legislative enactment and if a referendum was required.

SPECIAL CHARTERED SCHOOL DISTRICT MERGERS

ADMINISTRATIVE UNITS	DATE	METHOD
Mecklenburg/Charlotte	07-01-60	Vote
Forsyth/Winston-Salem	07-01-63	Vote
Granville/Oxford	07-01-63	Vote
Scotland/Laurinburg	07-01-64	Vote
Haywood/Canton	07-01-65	Vote
Chowan/Edenton	07-01-67	Vote
Richmond/Hamlet/Rockingham*	07-01-67	Legislative Enactment
Pasquotank/Elizabeth City	07-01-67	Vote
Anson/Morven/Wadesboro*	07-01-67	Board Plan
Moore/Pinehurst/Southern Pines*	07-01-67	Legislative Enactment
Wayne/Fremont	08-03-67	Board Plan
Vance/Henderson	07-01-68	Vote
Gaston/Cherryville/Gastonia*	07-01-68	Vote
Burke/Glen Alpine/Morganton*	07-01-69	Board Plan
Cherokee/Andrews/Murphy*	07-01-69	Board Plan
McDowell/Marion	07-01-69	Vote
Lee/Sanford	07-01-73	Board Plan
Lincoln/Lincolnton	07-01-74	Legislative Enactment
Caldwell/Lenoir	07-01-74	Board Plan
Wilkes/North Wilkesboro	07-01-75	Board Plan
Wilson/Elm City/Wilson*	07-01-76	Legislative Enactment
Wake/Raleigh	07-01-76	Legislative Enactment
Robeson/Maxton	07-01-79	Board Plan
Craven/New Bern	07-01-81	Board Plan
Cabarrus/Concord	07-01-83	Board Plan
Cumberland/Fayetteville	07-01-85	Board Plan
Pitt/Greenville	07-01-86	Legislative Enactment

*Merger involving three or more units.

QUESTIONS REGARDING THE EFFECTS OF MERGER

The question of merger is a difficult one and deserves the most careful analysis possible before the decision to merge or to retain separate school systems is made. From the experiences gleaned from those units which have merged in the past, several questions which have been common to all have arisen. Anyone seriously contemplating the feasibility of merger should address these questions honestly and objectively as a part of that analysis. These questions include:

1. What are the factors which typically motivate school systems to merge? Are these factors significant in this situation?

   Four significant factors are frequently present when school systems have an interest in merger. They are as follows:

   - A decline in number of students, particularly when the administrative unit decreases to a size which is considered inefficient. Many school systems in North Carolina, particularly city units and small rural counties, have experienced significant declines in membership during the past ten years. Pupil population projections indicate a continuation of this trend for the next five or more years. At what point will the system's membership become too small to operate efficiently?

   - An increased percentage of minority students. Many city school units have experienced an increase in the number of minority students and a decrease in the number of white students during the last ten to twenty years. Others have experienced a greater decline among the white population and a more stable black population. Both trends have resulted in an increased percentage of minority students.

     Immigration of Hispanics, Asians and other minorities have also increased the percentage of minorities. Could merger alleviate some of these problems and allow a more even distribution of races and ethnic

groups? Merger has little effect upon the racial composition of the county or the racial balance among schools since most students continue to attend the same schools after merger that they did before merger. There are exceptions, of course, where attendance lines and school administrative unit boundaries change. These changes may effect the racial composition in some schools. If merger allows the operation of fewer, larger schools, the racial composition is usually easier to manage with an acceptable ratio of minority to white students.

Merger may also tend to stabilize the racial shifting of the population and stem white migration from the city to the county schools and to private schools.

- o An increased percentage of disadvantaged students. This increase has occurred in many of the city units as well as in the small rural areas. The increasing number of disadvantaged students has been accompanied by a recent decline in federal funds previously allotted for these students. This obviously has compounded the issue. Some school systems have turned to merger in an attempt to reduce this problem.

- o A relative decline in tax base between city administrative unit and county administrative unit. The per pupil tax base in many county administrative units has surpassed the tax base in their city administrative units. Through the years, growth around the cities, both industrial and residential, has increased the property values in these areas. Shopping centers have replaced downtown shopping areas and city housing has deteriorated, all of which has resulted in lower property values. Many cities no longer can afford the dollars for school support they once enjoyed, the affluency having shifted to the counties.

2. What are the factors which may be a deterrent to merger? Are these factors significant in this situation?

There are four significant factors which often cause opposition to merger. They are:

- o A large concentration of minority groups in one or more of the school systems. Just as racial imbalance motivates some to seek merger as a solution, it also creates resistance from those attempting to retain

separation and isolation from other social, ethnic and racial groups.

- Unequal local support due to different property valuations, tax rates and special taxes levied for schools. Unequal funding over the years has often resulted in an inequality in the educational programs in the school systems and a significant difference in the age, condition and adequacy of facilities. Understandably, those who have provided greater support for a higher standard of education do not want to give that up nor do they wish to direct their funds toward bringing the other school systems' programs and facilities up to the same standards.

- Public sentiment. Dissatisfaction among the people can be expected if merger threatens to reorganize the schools, change attendance lines or close schools. Such natural resistance to change can be expected as people have developed loyalties to and identification with their schools, their teachers and other personnel and their board. They have also developed sentimental attachments to the schools that they, their parents and their children have attended.

- Differences in school board policies and special programs offered in the school systems. Philosophical differences between the boards of education and the resulting policies adopted by the boards often serve as a deterrent to merger as the members of the boards and their constituents do not want to relinquish their reins. Such policies usually relate to discipline, promotion-retention, academic standards, grading and report cards and similar matters. Differences in programs usually relate to methods of teaching, curriculum offerings and materials.

3. Can existing facilities be utilized more efficiently in a single administrative unit than in separate school systems limited by attendance boundaries?

   Many administrative units are operating schools whose memberships exceed their capacities while nearby schools are significantly underutilized and have classrooms and other instructional spaces which are not needed. Existing chartered district lines and attendance zones limit reassigning students to distribute memberships among the schools more evenly. Merger erases these boundaries and allows more efficient utilization of the facilities.

4. Would merger of the school systems lessen the need to renovate or replace schools?

Again, boundaries often restrict efficient utilization of facilities. In some cases, reassigning students following merger can provide needed instructional space without major renovation or replacement of obsolete facilities and often allow operating fewer schools. On the other hand, merger alone cannot alleviate the need to upgrade or replace facilities which will be needed in the future. A well-planned building program, designed for a single administrative unit, often offers the most economically efficient avenue to an excellent school system with good facilities.

5. Can merger reduce the costs for capital outlay expenditures?

Merger of school systems may have an advantage in the distribution of capital funds as it would allow directing these funds where an obvious need exists without the obligation to fund other school systems equally because of a decision to fund capital outlay on a per capita basis.

Merger may also reduce capital costs if more efficient utilization of the facilities reduces the facility needs by closing obsolete schools and thus having fewer to operate.

6. Can the cost of operating schools be reduced by merger of the school units?

Generally, a major consideration involved in the merger of school systems is economic, that is, will the merger of these school systems result in less cost; will it result in more cost; will it be more efficient or will it result in an improved level of services?

Many of the costs of operating the two school systems will not be effected by the fact of merger. The State of North Carolina allots funds for such items as textbooks; instructional supplies; custodial supplies; salaries for teachers, principals, supervisors, central office staff including clerical; and transportation. Most of these allotments should not vary significantly, as merger does not effect membership upon which the allotments are based. Some change should result from merger, however, through the elimination of duplicated positions such as superintendents and directors. In addition, an advantage may be realized through increased staff allotments based on a larger membership.

7. Will merger reduce current expense costs?

The following chart compares the increased per pupil expenditure for current expense of some merged units with the state average increase. Following merger, three of the units experienced an increase considerably above the state average; one unit experienced only a slight increase; one experienced no increase; and one unit failed to keep up with the state average increase.

LOCAL PER PUPIL EXPENDITURES FOLLOWING MERGERS

UNIT	YEAR OF MERGER	COMBINED LOCAL PPE (DATE)	LOCAL PPE FIVE YEARS LATER (DATE)	PERCENT STATE AVERAGE INCREASE	PERCENT LOCAL UNIT INCREASE
Sanford/Lee	1973	$142.13 (1972-73)	$325.97 (1977-78)	120.4	129.3
Caldwell/Lenoir	1974	125.44 (1973-74)	275.35 (1978-79)	111.9	119.5
Lincoln/Lincolnton	1974	92.92 (1973-74)	274.05 (1978-79)	119.1	194.9
North Wilkesboro/Wilkes	1975	112.56 (1974-75)	295.88 (1979-80)	112.8	162.9
Raleigh/Wake	1976	225.56 (1975-76)	619.36 (1980-81)	104.7	142.4
Elm City/Wilson City/Wilson	1976	185.64 (1975-76)	361.14 (1980-81)	104.7	94.5
Robeson/Maxton	1979	163.11 (1978-79)	297.64 (1983-84)	66.1	82.5

There is often a misunderstanding regarding merger and potential savings. Merger will not likely result in fewer dollars being spent, but should improve educational opportunities for the dollars spent. That is to say, merger should be cost-beneficial or cost-effective but may not lead to a lower local per pupil expenditure for current expense.

Saving money should not be the major factor affecting the decision of merger. Attempting to get more for one's money is more appropriate.

8. Would merger of the school systems result in pupil assignment changes which, in turn, would reduce transportation costs through shorter bus rides and fewer students transported?

In most instances, students will attend the same schools they attended prior to merger. In instances where merger allows more efficient utilization of facilities by removing boundaries and crossover of attendance lines, some reductions

may be realized. Better utilization of facilities and its reduced operating costs could, however, result in more pupils bused and more miles traveled.

9. Would merger of the school systems produce an improved educational opportunity for all children or would it tend to equalize existing opportunities?

   Where there are multiple districts within a county, there are often unequal educational offerings due to the quantity and quality of personnel, special programs, curriculum, organization, facilities, materials and equipment. In most cases, the inequality is due to funds from a special school district tax available only to the city unit. Obviously, to bring the county unit up to the same level of funding would cost more, not less, in operating costs.

   To decrease the funds available to the city schools to the level of the county after merger would be a step backward rather than forward. Some units have resolved this problem by including in the merger plan a commitment to a level of funding for the merged unit equal to a percentage of the North Carolina average expenditure for current expense. This percentage should be at least acceptable to all if not equal to or higher than funding in any of the school units before merger. The assurance of such equalities of funding should allow an improved educational program for all.

10. Does the inefficiency due to the small size of the administrative unit or the operation of small schools render the extra money afforded through special taxes ineffective in providing better educational programs?

    Small school systems have high per pupil operating costs if a comprehensive educational program comparable to those in larger systems is offered. This is due, mainly, to the increased cost for personnel to serve fewer students. Operating small schools, particularly for the middle and high school grades, likewise is more expensive if personnel are provided to offer a full curriculum.

11. What effect would merger of the school systems have on the number and the assignments of personnel?

    Some savings may be realized through merger by a reduction of personnel. Fewer top administrative positions would be needed in a single system. Only one superintendent, one director of food services, maintenance and business would be needed in a merged unit. Teachers and other state allotted positions would

remain about the same, depending upon the allotment formula which is based on membership and should not be effected by merger. Locally paid positions remain dependent upon local funds and would need to be equalized throughout the new system.

The State Board of Education has certain allowances that are made for a two-year period of time following merger. These allowances largely affect the central office organization of a school system since it is there that some change is likely to occur. The state will, for a two-year period, provide salary funds for two superintendents' positions as if two separate school systems still existed.

12. Would merger of the school systems improve the political process necessary to govern the schools?

As independent school systems, there are two or more boards of education involved and each has a membership ranging from five to seven people or more. Members of most boards of education are elected to office by their respective constituents.

A single governing body is a simpler mechanism to interplay with other official and quasi-official groups than two or more would be. One school board, for example, presenting one budget to the board of county commissioners removes the competition for public funds that is inherent in a county with more than one school system.

13. Will merger of the school systems make future long-range planning more effective?

Many counties which have special chartered school districts are very much aware of the possibility of merger of the units at some point in the future. This possibility of merger often stands as a deterrent to wise long-range planning. If merger at a later date alleviates the need for newly constructed facilities, many wasted dollars may be the result. The possibility of merger, then, constitutes an "if" condition which restricts a board of education's planning. Under these conditions plans should be implemented only if they will be applicable whether or not merger occurs.

14. What effect will merger have upon the special taxing authority of either school system?

    Typically many special chartered school districts have enjoyed a special school district tax to supplement the educational program. In most cases these taxes are levied by the county commissioners. In the event of merger this tax would probably be replaced with other revenues. Such revenues would remain the responsibility of the county commissioners. In the few cases where the city council or the city board of education has the authority to levy the special tax, that authority would cease upon merger without some legislative provision.

15. Will merger significantly improve student performance as measured by standardized tests?

    Improved results in standardized scores seem to result from several changes in the teaching-learning process. They are: 1) improved teaching techniques; 2) higher pupil incentive--motivation, attitude and self-confidence; 3) increased time devoted toward acquiring the skills and knowledge for which students are to be tested; and 4) better materials to support the teaching-learning process. If merger can offer some or all of these improvements, through increased efficiency, funding, personnel, curriculum, materials and facilities, pupil performance should improve as measured through standardized tests as well as by other evaluative techniques. If these factors do not change with merger, it is doubtful that any change in test scores will result.

After carefully studying these fifteen questions and relating them to the actual situations that exist between or among the school systems contemplating merger, the boards of education and the respective administrators should have a good perspective of the pros and cons of merger for their administrative units. If the analysis of the merger question indicates that merger is a feasible option, the board should examine the legal requirements for implementing merger which are presented in the next section of this manual.

LEGAL REQUIREMENTS FOR EFFECTING MERGER

There are two basic methods by which city administrative units and a county administrative unit may merge. One method is by concurrent action of the boards of education involved, the approval of the board of county commissioners, and subsequent approval by the State Board of Education. This procedure is described in detail in General Statute 115C-67 of the Public School Laws of North Carolina. A portion of this section describing the details of the procedure is reproduced below.

> City school administrative units may be consolidated and merged with contiguous city school administrative units and with county school administrative units upon approval by the State Board of Education of a plan for consolidation and merger submitted by the boards of education involved and bearing the approval of the board of county commissioners.
>
> County and city boards of education desiring to consolidate and merge their school administrative units may do so by entering into a written plan which shall set forth the conditions of merger. The provisions of the plan shall be consistent with the General Statutes and shall contain, but not be limited to, the following:
>
> (1) The name by which the merged school administrative unit shall be identified and known.
>
> [The plan must specify the official name by which the newly created school system shall be known. This name shall be the legal identification of the school system and must be reflected on the titles, deeds, contracts, insurance policies and other legal documents or transactions.]

(2) The effective date of the merger.

[The date upon which merger of the school systems into the new administrative unit becomes effective shall be specified. At that time the existing boards, including the interim board if used in the transition, shall cease as do the former school systems. The newly formed administrative unit becomes the official institution.

It is important that the plan allow adequate time to prepare for the transition from the existing boards to the new one. If merger is to be effected through a plan developed by the boards of education, more flexibility is allowed as these boards meet at least monthly; whereas, if merger is effected by legislative action the General Assembly only meets annually. In either case, approximately twelve months should be allowed from the time of the plans approval or legislative enactment till the effective date of merger.

It is generally agreed that July 1 is the most practical time to effect merger as that is the beginning of the fiscal year for all funding, contracts, etc. It also allows ample time for the November elections of new board members.]

(3) The establishment and maintenance of a board of education which shall administer all the public schools of the newly created unit, including:

a. The termination of any terms of office proposed in the reorganization of the board.

b. The method of constituting and continuing the board of education, the length of the members' terms of office, the dates of induction into office, the organization of the board, the procedure for filling vacancies, and the compensation to be paid members of the board for expenses incurred in performance of their duties.

[The Boards of Education

Installation of an interim board of education is probably the most practical way of managing the transition from two or more school systems to one. Typically, interim boards are comprised of some or all of the members of the existing boards; however, the number of members should be limited to a workable number. The size of the interim board and the representative makeup of its members should be decided and included in the plan. An interim board ought not to be composed of all the members of both existing boards since that would likely be too large and too awkward. A representative number from each board, however, can serve for a temporary period with efficiency. The merger plan must state the life of the interim board and what its responsibilities are to be.

The decision regarding the size and composition of the interim board and the permanent board is up to the existing boards of education as they develop their proposed plan for merger. The board should be large enough to allow representation and staggered terms and be small enough to be workable. Too large a board tends to become unwieldy. Most county school boards are composed of five members unless they are a merged board, in which event they may be larger. Most city boards are larger than five members. The average school board in North Carolina has six plus members.

It is imperative that the plan for effecting merger be specific in both the interim and the permanent board's composition, manner of selection, length of term and representation. The decision must be made as to how the board members will be elected. Will they be elected by districts and will they represent these districts or will they be elected countywide to represent the entire county? Should the elections be partisan? Does the plan for electing board members conform to state and federal guidelines regarding voter rights?

The interim board should be installed in ample time to elect a superintendent and prepare for the effective date of merger.

This board's main function is that of determining long-range plans, policies and negotiation of contracts and completing plans for the birth of the new school system. Funds must be provided for this operation and provisions for them should be included in the plan for merger.

The existing school boards continue to serve their respective units with decisions which relate to the term of the unit's existence only.

The merger plan should contain the method by which board membership is acquired and the term for which it is held. Most board members in North Carolina are elected for a specific term such as four to six years. Board members may be appointed although this method is less frequently used. Terms of less than four years tend to reduce effectiveness for new members and all elections or appointments for board membership should comply with the requirements of one man--one vote if potential legal challenge is to be avoided. For those counties affected by the 1965 Voting Rights Act of the United States Congress, any change in the school board election procedures must receive pre-clearance approval by the United States Department of Justice.

In order to insure stability of the board through the transition from the interim board to the permanent board, it is suggested that one-half of the representatives from each administrative unit serving on the interim board also be appointed to the permanent board for one year. The members for the unfilled seats could then be selected through a non-partisan election, probably in the general election in November. After the initial appointment of members of the permanent board from the original school boards, new board members could be nominated. From that point on, term could be set for four years on a staggered basis to coincide with election years.

Schedule for Implementing Merger

Should legislative enactment be the selected procedure, the schedule for implementation would depend upon the action of

the General Assembly, but would probably be on July 1. The following time schedule suggests a possible plan of action:

June, 1987 - Plan for merger approved by State Board of Education or through Legislative Enactment.

December 1, 1987 - Interim Board of Education installed. Begin selection of superintendent and setting up office and staff. Begin development of policy and plans for new school administrative unit. Negotiate contracts for all personnel for 1988-89 school year.

July 1, 1988 - Merger becomes effective. Previous school administrative units cease as do their boards. Interim board ceases and the permanent board assumes all responsibilities for the newly merged unit.

November, 1988 - General Elections - new members for the permanent board of education are elected.

December, 1988 - Permanent board of education installed on the first Monday in December or as soon after as practical.]

(4) The authority, powers, and duties of the board of education with respect to the employment of personnel, the preparation of budgets, and any other related matters which may be particularly applicable to the merged unit not inconsistent with the General Statutes.

[Typically, the authority, powers, and duties of the existing boards are restricted to matters dealing specifically with the existing school systems within the time limits of their legal existence. Matters which are related to the planning and organization, including contracts for services and personnel, for the new school system are the responsibility of the interim board, unless some other method of transition is employed, and are so described in the plan. Authority of the interim board typically ceases on the effective date of merger and is assumed by the new board.]

(5) The transfer of all facilities, properties, structures, funds, contracts, deeds, titles, and other obligations, assets, and liabilities to the board of education of the merged unit.

[In anticipation of the legal dissolution of the existing school systems and their board of education and the creation of a new system, the plan must provide for the legal transfer of all liabilities and assets to become effective on the effective date of merger. These transfers must include all contracts, particularly those providing protection of property and from liabilities.]

(6) Whether or not there shall be continued in force any supplemental school tax which may be in effect in either or all local school administrative units involved.

[Many of the special chartered school districts have enjoyed increased local funding through a special district school tax or some other levy. The plan should specify if and how such funding is to continue. Some plans have provided continued funding from the county's revenues or other resources and based on a percentage of the North Carolina average of local expenditures for current expense. Others have ceased levying the special tax and granted a specific amount from the ad valorem tax to replace it.]

(7) A public hearing, which shall have been announced at least 10 days prior to the hearing, on the proposed plan of merger.

[After the boards of education have approved the plan of merger between the school systems, a public hearing must be held during which the plan is explained to the people and they in turn have the opportunity to express their views and opinions. The hearing should be held in a place that is convenient to the public and large enough to house the expected attendance. It must be announced ten days before the meeting usually through the available media and by posting public notices.]

(8) A statement as to whether the question of merger, in accordance with the projected plan, is to be contingent upon approval of the voters in the affected area.

[The plan, whether it be developed and approved by the boards of education involved or mandated by legislative action, may or may not call for a referendum. The plan, then, regardless of its developer, should specify whether or not the approval of the plan is contingent upon the approval of the voters.]

(9) Any other condition or prerequisite to merger, together with any other appropriate subject or function that may be necessary for the orderly consolidation and merger of the school administrative units involved.

[The plan should address any other conditions or functions that may be necessary for the transition to the merged unit or to its continued well-being. Such conditions could include the means of funding to assure a level of operation and a standard of excellence that will meet the expectations of the people. It should also include the agreement on divisive issues such as previous board policies that differed in concept or philosophy.]

The plan referred to above shall be mutually agreed upon by the city and county boards of education involved and shall be accompanied by a certification that the plan was approved by the board of education on a given day and that the action has been duly recorded in the minutes of said board, together with a certification to the effect that the public hearing required above was announced and held. The plan, together with the required certifications, shall then be submitted to the board of county commissioners for its concurrence and approval. After such approval has been received, the plan shall be submitted to the State Board of Education for the approval of said State Board and the plan shall not become effective until such approval is granted. Upon approval by the State Board of Education, the plan of consolidation and merger shall become final and shall be deemed to have been made by authority of law and shall not be changed or amended except by an act of the General Assembly. The written plan of agreement shall be placed in the custody of the board of education operating and administering the public schools in the merged unit and a copy filed with the Secretary of State.

The plan may be, but it is not required that it be, submitted for the approval of the voters of the geographic area affected in a referendum or election called for such purpose . . . .

In summary, the boards of education of the administrative units must develop a written plan including at least nine items listed above. Each board must certify its agreement with the terms and conditions set forth in the plan, and the action must be entered into the board minutes. After a public hearing, the board of county commissioners must also agree to the plan and so certify. The three or more certifications of approval and the written plan are then forwarded to the State Board of Education for approval. With the approval of the State Board, the plan becomes final and legal. This procedure does not require the approval of the voters, but may be contingent upon the results of a referendum if the board of education and board of county commissioners so decide.

The second method for effecting a merger of city administrative units and a county administrative unit is through legislative enactment. A local act may be brought before the North Carolina General Assembly and passed prescribing the merger of the two (or more) units. This action can also be made contingent upon the approval of the voters in the geographic area affected. However, this procedure may be employed to merge administrative units without approval of voters. This special legislation should include a plan which defines and describes the conditions, time and manner in which the proposed merger is to be implemented.

Generally, this local legislation includes a merger plan which speaks to the nine items in the general statutes; however, legislative enactment could require the boards of education to develop a plan.

Generally, this local legislation includes a merger plan which speaks to the nine items in the general statutes; however, legislative enactment could require the boards of education to develop a plan.

Similarly, boards of education in two or more counties with contiguous borders and the cities within their boundaries may merge. This procedure is described in Chapter 115C-68 of the Public School Laws of North Carolina.

STEPS TO FOLLOW

In summary, if the boards of education in a county wish to explore the possibilities of merger, the following steps are suggested:

- The boards of education involved may set up a joint meeting to discuss the possibility of merger. During this meeting, the boards may consider a joint resolution authorizing a committee composed of representative members of the boards of education, the board of county commissioners, school administrators and citizens to study the possibility of merger and its implications for the county. A committee may be appointed, its responsibilities described and a time frame established. Responsibilities of the committee should include addressing the questions set forth in this A Manual for Merger.

- The boards may also wish to request an outside study of the merger question by an independent consulting agency or by the Division of School Planning of the State Department of Public Instruction.

- The boards should pledge financial support for the exploration process including expenses of the study committee and the outside study if desired.

- The boards should set time schedules for the exploration of merger including periodic reports and a concluding meeting.

- At the appointed time, the committee should report to the board.

- The outside study agents, if employed, should report to the board.

- The board should study reports and further contemplate the questions suggested in this manual and pass a resolution to proceed with merger or to remain as separate units.

If the boards elect to proceed with merger, the following steps are suggested:

- The boards may appoint a committee to develop a plan to implement merger and to set the newly merged school unit in motion. The board should describe the committee's responsibilities and set a time frame for implementation.

- The committee should report to the board with a proposed merger plan. The board may adopt the merger plan and begin implementation accordingly. If the plan is unacceptable, the committee may be asked for revisions and set another date for the presentation.

- Following approval by the two or more boards of education, a public hearing should be held.

- The board should obtain approval of the plans from the board of county commissioners and the State Board of Education. If the plan requires a vote, steps should be taken to establish a referendum.

- If the referendum supports merger and the plan receives approval from the county commissioners and the State Board of Education, implementation of the merger plan may proceed.

- If the plan requires the creation of an interim board, such a board must be appointed and a budget provided for its operation. If not, the approved plan is implemented as described.

- Existing boards should continue to execute their responsibilities to their respective school systems until the effective date of merger.

- The interim board should select a superintendent to begin implementation of the plan. An office should be set up and the newly appointed superintendent should begin contracting for personnel, services, supplies and equipment and prepare for operation on the effective date of merger.

- The superintendent should consummate contracts with a skeleton staff to assist him with the new school administrative unit prior to the effective date of merger.

- On the effective date of merger, the original boards of education, the interim board and the original administrative units must cease and the new unit will begin to function. All assets of the original boards will then become the

property of the new system as will all legal obligations including debts, contracts and other liabilities.

- All titles, deeds, insurance policies and contracts must be revised or rewritten to reflect the name of the new school unit and to become valid on the effective date of merger.

- New board policies should be formulated and adopted. To avoid confusion, any changes, additions or deletions of policies existing in units prior to merger should be approved in advance of merger by the interim board of education to be effective on the date of merger.

ADVANTAGES UNITS IMPLEMENTING MERGER HAVE REALIZED

Through the years, many school systems have undergone merger. In 1959, there were 174 school administrative units in North Carolina. Today, there are 140. Several are presently studying the feasibility of merger. The knowledge gained from these experiences supports the following possible advantages that can result from merging two or more administrative units:

Program Advantages

- Expanded curriculum offerings at a reasonable cost.
- A wider selection of athletic opportunities.
- Improved and increased counseling, testing, and health services to all students.
- More equity in class sizes through increased scheduling flexibility.
- More equitable opportunities for all students.

Professional Personnel Advantages

- More flexibility in the assignment of teachers to areas for which they are certified.
- Better scheduling flexibility to equalize class loads.
- Improved professional morale.
- Addition of specialized personnel in art, music, physical education, guidance, and counseling to relieve the regular classroom teacher.

Economic Advantages

- Reduction of duplicated effort.

- More efficient utilization of personnel.
- More efficient utilization of facilities.
- More efficient utilization of equipment.
- More efficient centralized purchasing, warehousing, and distribution of maintenance supplies and equipment, instructional materials, and foodstuffs.
- A decrease in the per pupil cost by operating fewer, more efficient schools.
- Elimination of the competition between administrative units for the financial resources of the county, resulting in a concentration of all financial efforts toward a common goal.

Organization and Planning Advantages

- With the establishment of a unified county system, common standards for program, staffing, facilities, services, activities, and organization may be developed and implemented.
- A unified system can anticipate and plan for a shifting population better than separate, competitive units.
- A larger, well-organized and well-equipped central office staff can meet the needs of the system better than separate, under-staffed administrative units.
- Recruiting, screening, and assigning new teachers should improve.
- A countywide in-service program for staff development for all personnel should be more effective after merger.
- Improved supervisory services should result.
- A centralized program with specialized personnel in testing, learning disabilities, emotional problems, and speech and hearing problems could be offered in a larger, merged unit; whereas, the expense may have been prohibited in the smaller separate units.

PROBLEMS AND OBSTACLES FACED BY UNITS UNDERGOING MERGER

Though merger may bring about many advantages, there are problems that must be resolved before the merger can be successful. The following problems have been typical among the merging units in the past:

Financial Problems

- Unequal tax support due to different property valuations, tax rates, and special taxes levied for schools.
- Differences in local salary supplements.
- Inability of county commissioners to guarantee funds to equalize educational offerings beyond their term of office without local legislation approved by a vote of the people.

Program Problems

- Unequal educational offerings due to quantity and quality of personnel, special programs, curriculum, organization, facilities, materials, and equipment.

Facility Problems

- Unequal facilities due to previous building programs, bond issues, and maintenance.
- Unneeded and poorly located facilities resulting from the merger.
- Location of administrative offices, warehouses, maintenance, and transportation facilities.

Board Problems

- Who will be the new board members?
- Where will they come from and whom do they represent?
- When do they assume responsibility?

Personnel Problems

- Who will be the superintendent and other personnel in duplicated positions?
- How will former superintendents be utilized?
- How will reorganization be achieved?
- Will state personnel allotments decrease after the two-year grace period as a result of merger?
- How will equalization of personnel be implemented and the pupil-teacher ratio be balanced?

Pupil Assignment Imbalance

- Racial and social economic imbalance resulting in one or more schools due to changes in attendance areas.
- Reassigning pupils and changing attendance district lines in the attempt to utilize facilities efficiently.

Public Sentiment

- Dissatisfaction among the public, particularly when schools are closed or reorganized.
- Loyalty to and identification with the former administrative units, i.e., board members, administrative staff, and the schools.

Philosophical Differences

- Different board and administrative policies based upon different underlying philosophies which may effect educational programs, instructional methods, standards, personnel and other issues which are vital to the operation of a school system.